

## Economy

### Long Range Plan Update Economy Policies

- Embrace and encourage quality development and redevelopment.
- Encourage property improvements to stabilize and preserve Village property values.
- Consider areas within the Village for detachment or annexation to the Village.
- Explore ways to increase ongoing revenues and control expenses.
- Explore zoning amendments that encourage commercial uses on the first floor and address residential on Main Street.
- Encourage economic development programs that enhance the existing businesses and support appropriate growth of new businesses.

**Employment by Industry.** The composition of the labor force of the Village of Peninsula has changed since the 2003 Long Range Plan. The percentage of persons employed in the professional, scientific, management, administrative, and waste management services and the educational, health and social services category have doubled since 2000. The percentage of persons employed in the finance, insurance, real estate and rental and leasing area has almost tripled in the same period. As discussed in the Population chapter, the median income of the Village's population continues to increase, which correlates to the increase in the labor force in these industry categories. During the same period, the number of persons in the manufacturing sector labor force has increased to almost 22% of the entire Peninsula labor force. There has been a significant decrease in the percentage and number of persons employed in the arts, entertainment, recreation, accommodation and food service, information sector and wholesale trade between 2000 and 2016. Except for the Information sector, these sectors are generally lower wage positions.

In comparison with the County and the State, the Village has higher percentages of residents working in manufacturing. In fact, this sector of the Peninsula labor force has grown by 37%, while it has decreased by approximately 20% in both the County and the State. There is also a larger percentage of persons in the professional, scientific, management, administrative, and waste management services in the Village than the County and the State. Since the 2003 Long Range Plan, the arts, entertainment, recreation, and accommodation and food services sectors have declined as a percentage of the labor force. Whereas in 2000 this sector represented 9.5 percent of Peninsula's labor force which was significantly large percent that of the County or the State; the sector only represented 2.5 percent of the labor force in 2016, significantly lower than the 9.2 percent of both the County and the State. Table 15 provides the comparison data for 2000 and 2016 American Community Survey.



Table 15 **LABOR FORCE COMPOSITION 2000 AND 2016**

Industry	Village of Peninsula				Summit County		State of Ohio	
	Number of Persons		% of Total		% of Total		% of Total	
	2000	2016	2000	2016	2000	2016	2000	2016
Agriculture, forestry, fishing, hunting mining	6	8	2.0	2.2	.2	.3	1.1	1.1
Construction	27	17	9.2	4.7	5.8	5	6	5.1
Manufacturing	47	78	15.9	21.9	19.4	15.4	20.0	15.5
Wholesale Trade	23	10	7.8	2.8	4.2	3.5	3.6	2.7
Retail Trade	36	39	12.2	10.8	12.2	12.1	11.9	11.7
Transportation and warehousing and utilities	11	6	3.7	1.7	5.0	4.5	4.9	4.8
Information	22	3	7.5	.8	2.5	2.0	2.4	1.7
Finance, insurance real estate and rental and leasing	9	31	3.1	8.6	6.4	6.4	6.3	6.4
Professional, scientific, management, administrative and waste management services	23	56	7.8	15.6	8.7	10	8.0	9.4
Educational, health and social services	36	87	12.2	24.2	19.5	24.3	19.7	24.1
Arts, entertainment, recreation. Accommodation and food services	28	9	9.5	2.5	7.8	9.2	7.5	9.2
Other services (except public administration)	13	12	4.4	3.3	4.8	4.5	4.5	4.4
Public Administration	14	4	4.7	1.1	3.4	2.8	4.1	3.8

Source: U.S. Census 2000 and 2016 American Community Survey





### Economic Condition

The health of a community is often evaluated by the value of the property and the fiscal stability of the local government. As noted in the Land Ownership chapter, there are a number of large property owners that do not contribute property taxes to the community or the County, such as the Boy Scouts, Girl Scouts, Metro Parks Serving Summit County, and the Federal government. Many of these properties are located in outlying or remote areas of the Village, and while these properties do not contribute funds from property tax, they do require Village services such as road maintenance and police protection. However, the open space and rural character that is protected by these properties also has a positive impact on the property values of the remaining parcels within the Village. There is only a limited supply of land available for development, particularly residential development, which enhances its property value. This benefit can be seen in the increased valuation of many of the properties with the Village over the last 15 years.

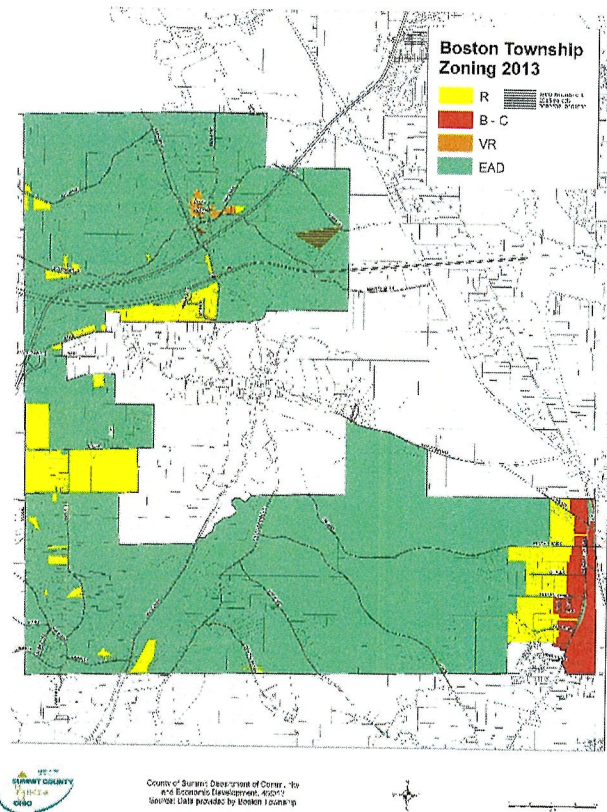
From a tax base perspective, it is also important for communities to find an appropriate balance between residential and nonresidential uses. In general, individual residential properties require more money in services such as school, fire, and police protection than they contribute to the tax base. Although the Village does not directly provide school or fire protection services, knowing the tax base ramifications is nonetheless important for the Village to consider, since Village decisions may - positively or negatively - impact the ability of service providers to deliver services. Nonresidential properties contribute more to the tax base than they use. Therefore, a community with a strong nonresidential tax base can provide quality services at a relatively low cost to residents. In Ohio, municipalities typically use income tax on persons employed within a community as their primary source of revenue. The large amount of permanent open space within the Village limits the areas that development can occur, and therefore, limits the potential revenue that may be generated. However, the National Park and associated open areas do generate tourist traffic that can support local businesses thus generating additional revenue. For the Village, it is therefore an important balancing act between the level of tourist supported activities and the desire of the community to retain its small town atmosphere. That balance has an impact on the Village's fiscal condition.

Since the 2003 Long Range Plan was adopted, there have been several significant changes to the sources of revenue for municipalities in Ohio and the Village. In 2003, a significant portion of the local taxes the Village received came from Tangible Personal Property tax. That tax was eliminated by the State of Ohio beginning in 2005. Municipalities received direct payments from the State through a sliding scale to offset this loss, with the last payment in 2010. Other changes in the funding from the State of Ohio through adjustments to the Local Government Fund and the elimination of the local Estate Tax also reduced revenue to the Village. Communities were

forced to look to other sources to make up the lost revenue.

The Village of Peninsula has taken several steps to increase revenue without increasing property taxes since the 2003 Long Range Plan. These include the increase of the income tax rate from 1 % to 2% in 2013 by the voters. Prior to the increase, the 1% was paid by residents, employees of businesses in the Village and on Net Profits of a business. After the increase to 2%, residents that worked in another community and paid income tax to that community were given a credit for the tax paid. The 2% tax continued to be imposed on all employees in the Village and net profit taxes on businesses. Residents that did not work elsewhere or worked from home are required to pay the 2%. The importance of providing commercial and other business opportunities within the Village is critical to sustaining the flow of funds to the Village.

Additionally, the Village created a Joint Economic Development District (JEDD) with Boston Township in 2013. A JEDD is a designated township area where the Village has agreed to share the benefits and responsibilities of commercial and industrial development. The Village of Peninsula joined with Boston Township to create a JEDD with the primary purpose of improving the revenue base for both the Village and the Township. Within the designated JEDD area of the Township, a 2% income tax is imposed on all employees working in that area. The Township gains revenue from income tax which it is not permitted to impose on its own, and the Village gains revenue from employment taxes beyond its boundaries. The income tax is split between the two communities by an agreement which provides 30% of the revenue to the Village and 70% of the revenue to Boston Township. The JEDD boundary is identified on the following map as EAD. Two (2) parcels were added to the JEDD in 2018 and are also noted on the map.



According to Village personnel, in 2017 the JEDD collected approximately \$100,000 in income tax revenue, from which the Village received



approximately \$30,000. This District has helped both communities which are severely impacted by the large amount of real estate that is off the tax rolls and is undevelopable.

### Financial Condition.

The 2003 Long Range Plan included a review of Village finances for the three years preceding preparation of the Long Range Plan. As part of this Update, the financial condition of the Village was again reviewed. A comparison of the Revenues and Expenditures for all Village Funds, for the General Fund and the cash carryover for 2013 thru 2017 was compared to the same information from the 2003 Long Range Plan. Those tables are found in the Appendix. Table 16 to the right indicates a comparison of all

Table 16

### Village Revenues and Expenses (all Funds) 2003 and 2017 As Percentage of Total

Revenues	2003	2017
Local Taxes (property and Income)	51%*	52%
Intergovernmental	32%	10%
Charges for Service	1%	20%
Fines	12%	4%
Miscellaneous	4%	14%
*2003 also includes tangible personal property		
Expenses	2003	2017
Security of Person & Property	38%	40%
Public Health Services	1.3%	.7%
Transportation	14%	12%
General Government	29%	24%
Capital Outlay	17%	23%
Debt Service	0%	0%

Source: Village Fiscal Officer

Village revenue and expenses for 2003 and 2017 as a percentage of the total.

In terms of revenues, the Village collects revenues, directly and indirectly, from various sources, including local taxes, intergovernmental revenues, service charges, fines/licenses/permits, and other sources. As to expenses, the Village expends money for various purposes, such as public health, public safety, utilities, transportation, general government, personal services, travel, contractual services, supplies, and materials, as well as for capital improvements and repayment of debts owed. As a customary way of organizing and managing of Village finances, various "funds" are created to keep track of money used for like purposes. The most important and indicative fund when looking at the Village's future is the General Fund, which is the fund through



which most of Village government operates.

When comparing the revenue and expenditures from 2003 and 2017, Table 16, it is important to look not at the actual numbers but at the percentage of the total of what is received and spent in each category. This method permits a more accurate comparison and eliminates the need to adjust for inflation. The table clearly indicates a change in the sources of revenue has occurred in the last 15 years. As previously indicated, revenues flowing from other levels of government (Intergovernmental) have dramatically decreased, whereas Charges for Service and other Miscellaneous Sources have increased. On the expense side, there has not been as significant a shift. Safety (i.e. Police personnel) continues to be the largest expense. Operations expenses of the general government has decreased slightly, most likely attributed to the changing of all personnel to part-time, thus reducing the cost of benefits.

When looking at just the General Fund, Table 17, a similar shift in revenue and expenses has occurred. The percentage of funds spent on Safety and Security has remained the same, however, the percentage spent on General Government has decreased by 7%. Expenses associated with Transportation have also increased from 5.3% of the total in 2003 to 9% in 2017. The Village continues to have no debt, which is an excellent fiscal position. It also has maintained yearly operating expenses within current year revenue resulting in increased cash balances at the end of the last several years. These items reflect a fiscally prudent operation. The financial well-being of the Village is driven by the ability to continually grow its resources to meet growing

Table 17

### Village Revenues and Expenses (General Fund) 2003 and 2017 as Percentage of Total

Revenues	2003	2017
Local Taxes ( property and Income)	51%*	48%
Intergovernmental	29.5%	8.5%
Charges for Service	1.2%	25.3%
Fines	14%	4.7%
Miscellaneous	4.3%	13.5%
*2003 also includes tangible personal property		
Expenses	2003	2017
Security of Person & Property	42%	42%
Public Health Services	1%	1%
Transportation	5%	9%
General Government	35%	28%
Capital Outlay	17%	20%
Debt Service	0%	0%

Source: Village Fiscal Officer



expenses of operations and increasing demands for service. The Village has found numerous mechanisms over the last 15 years to maintain the status quo in the community. It is also very clear that the income tax is a significant element to maintaining that stability. The Village's land use and development patterns and its commercial and industrial base impact the income tax growth. Maintaining existing businesses and looking to augment them with other commercial operations that will support continued growth of the downtown area should be a priority for the Village. The exit of businesses from the community, or even a significant reduction in number of employees without a fiscally equivalent replacement, would be a significant - although not catastrophic - blow to the Village's annual operating budget. Redevelopment of the area identified as Mixed Use could result in a greater number of smaller businesses in the area, thus diversifying the Village's reliance on a small number of large businesses for income tax revenues. Extreme caution should be used, however, in ensuring that the concept of redevelopment does not alone become a catalyst for any industrial area uses to leave the Village or significantly reduce operations. The Village should be clear with property owners that, while it holds long term planning goals, in no way does it seek to chase existing businesses and industries away.

The following are areas that development and/or redevelopment may occur to support the Village's financial stability.

**Industrial Area.** The Village has a small and concentrated industrial area located generally between West Mill and North Locust Streets in the north central area of the Village. A few established uses exist in this area and have operated for some time with success. The continued success of these local industries is likely to be determined by external factors, such as local and regional economic conditions and the desirability of the Village's location relative to that of newer industrial parks in other nearby communities.

This Long Range Plan Update general goals include a recognition of these existing industrial users as corporate citizens and a desire to allow these uses to continue as long as they are able to do so, and even expand, if it is economically feasible to do so, with Village support as possible. This is coupled, however, with a desire to encourage redevelopment and/or reuse for a mix of uses, commercial and secondary residential uses in the future, should any existing industries close, sell, relocate, or otherwise cease operation.

Thus, this Long Range Plan Update continues to recognize that for the next few years at least and possibly even longer, the Village's industrial area is not likely to change, and recommends that, at some point in the future, it begins to transition from industrial to



mixed use.

The mix of uses to be encouraged in the industrial area would include a variety of commercial, office, service, and limited secondary residential uses not suitable for location on Main Street, and possibly a concentration of commercial services and venues to service seasonal visitor and tourist traffic. Appropriate zoning regulations should be drafted to implement this recommendation.

In addition, in this area, there is an opportunity to establish a Work/Live environment. As more people work from home either as independent contractors, telecommuting employees, or as entrepreneurs, there is an opportunity to encourage and support this phenomenon in the Village. The area adjacent to N. Locust Street, adjacent to both the commercial and industrial areas of the Village, may provide an opportunity to encourage the development of work/live spaces within the existing neighborhood. Regulations could be considered to allow for small entrepreneurs to establish shops, offices and retail operations within the historic setting.

**Village Center.** Main Street and the areas that closely abut it have, over time, played several roles, including bustling commercial center, quiet downtown, tourist mecca, and others. Currently the Village Center could be said to be in a state of transition, resulting from a variety of factors, including the local and regional economy, general retail trends, and a recent turnover of several Main Street merchants. As part of the process of ongoing change underway, the Village should evaluate the ways in which it can facilitate success, encourage redevelopment, and establish cohesiveness.

This Long-Range Plan Update seeks to continue, support, strengthen, and enhance the unique role that Village Center plays for residents of not only the Village, but also several nearby and surrounding communities. It is and can be a place to congregate, catch up, have coffee, stroll, and basically be part of a community. The scale of the buildings, the street, and the accommodation of pedestrians all combine to create an attractive and comfortable place for people to come together in small and large groups. In addition, and extremely important to emphasize, is that Main Street has been, still is, and will almost certainly continue to be a place of residence for many people. Any new or redeveloped Main Street nonresidential uses must respect this fact and minimize adverse impacts on Main Street residential uses.

To achieve this goal, future Main Street nonresidential uses must be consistent and compatible with the Village Center's positive attributes, as it relates not only to the types of uses locating there, but also to the way in which they affect the physical environment in which they locate. Main Street nonresidential uses should be principally retail, small



in physical area, and easily accessed by pedestrians. In addition, any Main Street nonresidential uses other than retail commercial uses should be located on other than the ground floor of buildings. Appropriate zoning regulations should be drafted to implement this recommendation.

There are numerous approaches to encouraging the economic development of a community. Several of the most common tools are mentioned below.

**Economic Development Tools.** Aside from amending Village land development regulations to achieve these goals, the Village could do much to encourage the development and appropriate redevelopment of commercial and industrial properties in the Village. Many tools are available at the State and Federal levels for potential use, including but not limited to the following:

- ❖ *Becoming a Main Street Community.* The 2003 Long Range Plan suggested this program and it was determined that it was not appropriate at the time. “The Main Street approach was developed by the National Trust for Historic Preservation to save historic commercial architecture and the fabric of American communities’ built environment, but has become a powerful economic development tool as well. The Main Street program is designed to improve all aspects of the downtown or central business district, producing both tangible and intangible benefits. Improving economic management, strengthening public participation, and making downtown a fun place to visit are as critical to Main Street’s future as recruiting new businesses, rehabilitating buildings, and expanding parking. Building on downtown’s inherent assets — rich architecture, personal service, traditional values and most of all, a sense of place — the Main Street approach has rekindled entrepreneurship, downtown cooperation and civic concern. It has earned national recognition as a practical strategy appropriately scaled to a community’s local resources and conditions.” (Heritage Ohio website), The Village should periodically review whether changes merit its reconsideration.

The Village should coordinate any governmental efforts with this or other private sector-driven processes. Even if not pursued in the formal manner as recommended by the National



Main Street program, some aspects of it may be applicable to the Village as it develops and redevelops in the future. The State of Ohio through its partnership with Heritage Ohio supports communities in developing the Main Street program. If



the Village and its business community determine that this is a viable option, Heritage Ohio is available to provide guidance and assistance to the community.

- ❖ *Downtown Programs.* The Ohio Department of Development offers planning and construction grants and loans to local governments each year. However, because Summit County is an entitlement county, the Village would not likely qualify for this type of funding. The best opportunities for downtown-related funding assistance for the Village would be through the Summit County Department of Community and Economic Development, the National Main Street Center and Heritage Ohio, the National Trust for Historic Preservation, and - possibly - other public or private funding sources, including cooperation and coordination with private property owners. A majority of funding is awarded on a competitive basis, and integration of public and private sector efforts is a key evaluating factor.

- ❖ *Industrial and Business Assistance Programs.* The State of Ohio Development Services Agency serves as a clearinghouse for a variety of forms of economic assistance for industries throughout the state. Creation of jobs and a local financial match are usually among the prime factors elevating an application to the level of success in these competitive programs. There are also a number of regional and County assets available to assist businesses and industry in a variety of areas. Team NEO is a regional economic development agency focused on creating jobs in northeast Ohio. They are the regional representatives for Jobs Ohio, a private not-for-profit entity, designed to support job creation and business expansion in the State. Assistance with financial support for businesses may be obtained through the previously mentioned organizations and the Development Finance Authority of



Summit County. Small businesses and business startups may obtain assistance on various aspects of their business through the Small Business Development Center (SBDC) at

the Summit- Medina Business Alliance. Any assistance sought by the Village for local industries and businesses would need to be consistent with the Village's stated goals for the Village's industrial area.

- ❖ *Expansion and Retention.* The Village should establish a program of communicating closely and consistently with existing businesses, so as to identify areas where assistance may be needed (and consistent with Village goals), and where other coordination between public and private sectors may be needed ( and consistent with Village Goals).



**Summary: Economy Policies.**

- ❖ Embrace and encourage quality development and redevelopment consistent with this Long Range Plan Update's goals.
- ❖ Encourage property improvements, so as to stabilize and preserve Village property values.
- ❖ Consider areas within the Village for detachment from the Village; and consider areas adjacent to the Village for annexation to the Village.
- ❖ Explore ways to increase ongoing revenues and control expenses.
- ❖ Explore Zoning amendments that encourage commercial uses on the first floor in the Village Center and address residential on Main Street.
- ❖ Encourage economic development programs that enhance the existing businesses and support appropriate growth of new businesses.